

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 1429 (Delegate Cummings)
Economic Matters

Referred to Finance

Property and Casualty Insurance Guaranty Corporation - Obligations

This amended bill provides that a “covered claim” under the Property Casualty Insurance Guaranty Corporation Title does not include a first-party claim by an insured whose net worth exceeds \$50 million on December 31 the year before the insurer becomes insolvent. In addition, the bill limits the corporation’s obligation to pay any and all persons when the corporation and similar associations in other states have paid an aggregate of \$10 million in covered claims arising from one insolvent insurer.

Fiscal Summary

State Effect: None. The Property Casualty Insurance Guaranty Corporation is a non-profit, non-stock corporation established for the purpose of protecting residents of Maryland who are claimants or policyholders of an insurer which has become insolvent. In calendar 1995, the corporation paid claims of \$2.5 million. Funds for the corporation are derived from an assessment against insurers licensed to write property casualty insurance in the State. No assessments were collected in calendar 1995 because the corporation had a balance of about \$12 million. Since the corporation is not a State agency and is exempt from insurance fees and taxes, this bill will not impact State operations or finances.

Local Effect: None.

Information Source(s): Maryland Insurance Administration, Property Casualty Insurance Guaranty Corporation, Department of Fiscal Services

Fiscal Note History: First Reader - March 11, 1996

ncs Revised - House Third Reader - April 5, 1996

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